

# HAA: Frequently Asked Questions

## **1. What is the basic structure of the program?**

The Healthy Americans Act reforms the American health care system by building on what works and improving what doesn't. Individuals and families will continue to have private insurance policies that they can purchase from either their employer or one of their state's approved insurers. If you currently receive health coverage from your employer, you will still be able to do so, but your employer will no longer be in control of your health care decisions and if you lose your job, under the Healthy Americans Act, you won't lose your health insurance.

The way it works, is that your employer will give you a raise equal to the amount he/she is currently paying for your health care coverage and the federal government will give you the tax deduction that your employer currently gets for providing you coverage. (Individuals who don't currently get coverage through their employer will also get the tax deduction and subsidies will automatically be applied to those who need them in order to guarantee that everyone can afford their insurance.) You will then have the option of choosing to either stay with your current employer-provided plan or selecting a different plan that makes better sense for you and your family. Sign-up will be as easy as checking a box on a tax form and premiums will automatically be withheld through the tax code. Insurance companies will be required to charge subscribers a standard rate and will no longer be allowed to deny coverage based on prior illnesses or anything else. In the end, the Healthy Americans Act will require that insurance companies to compete to keep you healthy and if you aren't satisfied with what your insurance company is providing, you will have the option of taking your business elsewhere.

## **2. What makes this proposal different from all the other proposals?**

The Healthy Americans Act is the first legislative proposal in the history of the United States Senate that guarantees all Americans good quality, affordable, health coverage and that has significant bipartisan support. The Healthy Americans Act is also the first bipartisan health reform bill to receive a favorable budget score from the Congressional Budget Office (CBO), an independent Federal agency which analyzes bills and their financial impact. The CBO which analyzed the bill with the Congressional Joint Committee on Taxation. showed that, under the Healthy Americans Act, it will be possible to not only to cover all Americans for the same amount of money the nation is currently spending on health care but to reduce the increase in health care costs over time.

There are three main differences between the Healthy Americans Act and some of the other leading plans.

- 1) The Healthy Americans Act modernizes the employer-employee relationship so that Americans can keep the health coverage they have, but will no longer be tied to their workplace for health insurance. Health insurance will be portable, allowing you to keep your coverage from job to job.
- 2) The Healthy Americans Act fixes the problems in the health insurance marketplace so that insurance companies will compete on the basis of cost and quality of service, just like every other service Americans buy. In a reformed marketplace, insurance companies

will focus their business on prevention and wellness -- ensuring you get the care you need to be healthier rather than putting energy and resources towards denying coverage and setting up roadblocks between you and the medical care you need. Under the Healthy Americans Act, Americans who aren't happy with the care they are receiving from their insurance provider will be empowered to take their business elsewhere.

- 3) The Healthy Americans Act will provide insurance coverage to all Americans while simultaneously controlling costs. The Act controls costs by shedding light on how much is actually spent on health insurance and health care; establishing incentives for more economical health coverage purchasing by individuals; creating administrative efficiencies; emphasizing prevention, wellness and disease management; requiring hospital quality improvement; and, requiring all insurers to offer patients an electronic medical record.

### **3. Under the Healthy Americans Act, what kind of benefits would my health insurance plan have?**

The standard health insurance plan under the Healthy Americans Act would be at least as generous as the Blue Cross Blue Shield standard option plan offered to Members of Congress.

It is important to note that in order to encourage innovation and a competitive marketplace, insurance companies will not have to offer the exact BCBS standard option plan. Instead, plans are required to be "actuarially equivalent" in value to the Federal BCBS standard option plan. For example, some plans may offer more alternative medicine coverage and other plans may offer a high-deductible with a health savings account. Plans may also offer more generous benefits.

### **4. I am currently covered by my employer's health care plan. Would I have to make a change once the Healthy Americans Act is enacted?**

No. Under the Healthy Americans Act your employer can continue to offer insurance (as long as it meets the basic requirements) and you can continue to keep it.

Where the Healthy Americans Act improves on the current system is that your employer provided plan will no longer be your only option. (Most Americans lucky enough to have health care through their employer have no choice in where they get their insurance.) Your state's Health Help Agency will have a list of approved private plans offering a range of benefit options and premium prices from which you can select the best option for you and your family. The other added benefit of the Healthy Americans Act is that it makes health care portable. So unlike the current system, you won't lose your health coverage if the company you work for goes out of business or you are laid off or you decide to change jobs or even go into business for yourself.

### **5. How will I sign up and pay for health insurance under the Healthy Americans Act?**

There will be a variety of ways to choose and sign-up for your Healthy Americans Private Insurance (HAPI) plan. Health Help Agencies in your states will publish user-friendly information that will allow you to compare benefits, prices and even consumer-satisfaction with each of the available plans, so that you can select the plan that works best for you and your family. Sign-up will be as easy as visiting a website or checking a box on a tax form indicating whether you want to keep the care you currently have or sign-up for a different HAPI plan. For

employees of businesses with 10 or more employees, the employers will help their workers sign up at the workplace.

You will be responsible for the premium of either your employer's plan, if you choose to continue it, or the HAPI plan you select. However, for employees of all but the smallest firms, your premium will be withheld from your paycheck, just as it is now, regardless of which plan you choose. You are guaranteed affordable coverage as the HAA introduces a generous health care standard tax deduction that is available to all people with insurance coverage so that most or all of the cost of your coverage is tax-deductible. In addition, there is extra help - a subsidy - for those who need it.

## **6. What will this cost me and my family?**

The Healthy Americans Act is designed to make insurance coverage affordable for all Americans and their families.

Under the Healthy Americans Act, all employers would "cash out" the current value of their health insurance and give the money to employees - the biggest pay raise in history - allowing Americans to choose the health insurance plan that fits their needs and travels with them, regardless of employment.

When considering the costs, you should also consider the effect of the new health care standard deduction, which enables most of your health care costs to be tax-deductible, depending on your income and the level of benefits of your policy.

Extra help for hard-hit Americans:

- Premiums are subsidized on a sliding scale for individuals and families up to 400 percent of the Federal Poverty Level. In 2009, this would mean that individuals earning up to approximately \$43,000 per year and families earning up to \$88,000 per year would receive subsidies to make their health care coverage affordable. Those living at or below the poverty level (making less than \$11,000 per year) would receive a subsidy for the full cost of their insurance.

Health care standard deduction:

- Individuals earning up to \$62,500 deduct \$6,025; the deduction then begins to phase out on a sliding scale, and fully phases out for individuals earning \$125,000
- Couples earning up to \$125,000 deduct \$12,050; the deduction then begins to phase out on a sliding scale, and fully phases out for couples earning \$250,000
- Head of Households earning up to \$62,500 deduct \$8,025 + \$2,000 per dependent; the deduction then begins to phase out on a sliding scale and this deduction fully phases out at \$125,000
- Families earning up to \$125,000 deduct \$15,210 + \$2,000 per dependent; the deduction then begins to phase out on a sliding scale, and fully phases out for couples earning \$250,000

Expected Costs Based on 2007 FEHBP Blue Cross Blue Shield Standard Option Plan  
(Source: Sheils et al. 2007)

Coverage Type	Monthly Premium	Annual Premium
Individual	\$357	\$4,282
Married	\$714	\$8,568
2 Parent Family	\$883	\$10,546
1 Parent Family	\$663	\$7,956

Keep in mind that if you are currently insured through your employer, your employer probably pays nearly 80 percent of your health insurance premium costs. Americans will see that money in their paychecks - more than \$10,000 per year for family coverage. Under the Healthy Americans Act, the employer will give you back that money and you will be able to choose from a list of private plans with different costs and levels of coverage.

**7. I am young and healthy. I don't think that I need a lot of insurance coverage. Will this proposal protect me?**

Emergencies - which can lead to extremely high medical bills - can strike at any time. If you get in a car crash, you could spend many months or even years paying off not only your high deductible but other hospital bills not covered by insurance. Serious, life-threatening illnesses such as cancer can also strike persons of any age. The Healthy Americans Act allows you to find a policy with meaningful coverage that both meets your needs and encourages prevention and wellness which will help you stay healthy as you get older. This proposal also allows health savings accounts (HSAs), so if this type of plan is offered in your state or region, you can get many of the advantages of a high-deductible plan while also allowing you to save money tax-free through the HSA. Many young people who need basic health coverage find this kind of plan useful because they can save a portion of their health care premium in a tax-free account that they can use to pay cost-sharing or future health care related expenses.

**8. I prefer alternative healing services to conventional medicine. Will this proposal protect me?**

Where there is market demand for certain health care services, insurers will develop products that meet those needs. The Healthy Americans Act requires insurers to meet a certain level of basic care, but gives them flexibility to adapt and innovate by allowing insurers to offer plans that are "actuarially equivalent" to the standard Blue Cross plan offered to Members of Congress. It is worthwhile to note that several health insurance plans offered to Members of Congress do cover alternative healing.

**9. I hear that Medicare is going bankrupt. What does this proposal do for the Medicare program and people over 65?**

The Healthy Americans Act will boost funding for Medicare by changing the tax code to make it more equitable and will also reduce Medicare spending by keeping medical costs under control. It also includes provisions to help improve primary care and the management of chronic illnesses for Medicare beneficiaries.

It is estimated that the change in tax treatment will create an increase in Social Security and Medicare tax revenues of \$64.6 billion this included the employer and the employee shares. These revenues would help shore up the longevity of both the Medicare and Social Security programs.

In addition, multiple independent studies of the Healthy Americans Act have determined that it would reduce system-wide health spending in its first decade of implementation. Because Medicare's costs are tied to general health care costs, the proposal would result in reduced Medicare spending.

In addition to addressing the financial crisis in Medicare, the Healthy Americans Act implements a major change to Medicare: it creates incentives for participation in prevention and wellness programs. The Healthy Americans Act would discount the Medicare Part B (premium for out-patient coverage) for people who participate in certain healthy behaviors such as smoking cessation, exercise, or nutrition counseling. It also permits private health insurers to offer premium discounts for individuals and families participating in wellness programs. Furthermore, it doesn't allow insurers to charge co-pays for preventative and chronic care services. Encouraging patients to get their preventable and chronic conditions treated is expected to reduce overall health care spending.

**10. I hear that in other countries national health care programs cause long waits for the doctor. Will this proposal mean that I'll have to wait a long time for a doctor's appointment?**

The Healthy Americans Act is a plan to provide private health care coverage to every American. While the government will have a role in simplifying enrollment through Health Help Agencies, you will be free to pick any private insurance plan and doctor you'd like.

The Healthy Americans Act emphasizes wellness and prevention to keep Americans healthier and reduce the extent to which people delay care until conditions become more serious. It also includes provisions to improve the management of chronic illnesses. These steps should maximize the cost-saving potential of prevention and early interventions and maximize health care providers' time. In addition, the cosponsors of the Healthy Americans Act are looking at ways to increase the number of health care professionals in the workforce to meet the needs of Americans.

**11. I helped my mother pick her Medicare drug plan in 2006. It was really difficult to figure out which plan would actually cover what she needed. Won't the same thing happen here?**

If you work for a firm with more than 10 employees, your employer will help you sign up for a plan. Your employer will have information on the plans available to you and should be able to help you with any questions you may have.

In addition, each state will have a Health Help Agency (HHA), which exists to help people in the state make the decision about which private health insurance plan is the best choice for them. The HHA will do this by collecting important information from insurers such as the differences between benefits packages or how successful different plans are in treating different types of

conditions. The role of the HHA is to put such information in a form that is easy to use and easy to understand. For people in small firms (fewer than 10 employees) it is expected that Health Help Agencies will make comparative enrollment and plan information available on the Internet.

**12. I'm a self-employed contractor. What will I have to do under this new system?**

Self-employed Americans will be able to sign up for a private insurance plan through their state or regional Health Help Agency. Under the Healthy Americans Act - unlike under the current system - the self-employed will enjoy the same tax benefits and prices as everyone else.

**13. I want to stay with my current doctor. Will I be forced to switch to a different one?**

Talk with your doctor before signing up for a plan to see which insurance companies he or she accepts.

**14. I hear that HMOs (Health Maintenance Organizations) make it difficult to get care by requiring physician referrals for every appointment and service. Will this plan require me to in an HMO?**

The Healthy Americans Act will not require you to be in an HMO. The system is designed to offer a range of different plan types so that you can have the one that's best for you. It is expected that there will be PPO plans, high-deductible health plans, and HMO plans.

**15. I have a nanny who is here legally. Will I have to pay for her because I am her employer and, if so, what would I pay?**

Yes, you would pay something just as you are required to pay Social Security taxes. The amount you would pay is likely to be a very small percentage of health care coverage - about three percent of the average premium.

**16. If I have a child at college, would my child have to get their own plan?**

If you continue to claim a child as a dependent through your taxes, the child can remain on the family policy up to the age of 24.

**17. I'm an insurance agent. Aren't you outlawing my job?**

Not at all. While all enrollments will have to be through the state Health Help Agency (HHA), people will still be able to use an agent if they choose to. All that would be different is that the agent would have to make sure the enrollment goes to the HHA. In fact, agents could be helpful to individuals in determining what plan is the best for them to address their health care needs. HHAs may also devise innovative ways to interact with agents and draw upon their skills.

**18. What if I get laid off or switch jobs? what happens then?**

You can stick with your plan and your plan will stick with you because you no longer have to choose a plan that is tied to where you work or your employment status. You can reconcile any change in premium level or subsidy eligibility that results from your changed circumstances through your tax filings.

**19. What if I move to another state? What happens to my health coverage?**

If you move to another state you would have to enroll in a plan offered in that state. While some insurers operate in many states and may offer similar packages in different states, the answer will

depend upon your plan. If your plan is offered through a multi-state employer and you are continuing to work for that employer after you move, they may enable you to stay with your plan. Remember though, that even if you change plans, the plan will no longer be allowed to discriminate against you because of a pre-existing condition or any other reason. All plans will be required to enroll anyone who chooses their plan at a standard rate.

**20. My union manages my health care costs. How would this system affect me?**

The Healthy Americans Act protects currently negotiated union contracts until their expiration, or seven years after the bill's enactment, whichever is earlier. After that date, unions that provide health insurance coverage for workers through Taft-Hartley funds will continue to be able to provide health insurance for their members under a Healthy Americans Private Insurance (HAPI) plan.

Through a negotiated bargaining agreement under the Healthy Americans Act system, your employer could continue to provide the value of their Taft-Hartley contributions to the you as wages. The union would be responsible for deducting the necessary amounts from the your wages for their union-sponsored plan or other HAPI plan.

**21. I own a small business. Would I have to pay for insurance for all of my employees?**

Small business owners are currently struggling to provide health insurance for their workers. The Healthy Americans Act recognizes that small businesses owners want to help their workers, but can't afford to foot the bill by themselves.

Small business owners with fewer than 200 employees will have to contribute between 3 percent and 11 percent of the national average premium for every full-time worker. (The exact amount depends on their revenue per employee.) Small business owners are not responsible for contributing for part-time workers or seasonal workers who work less than three months.

**22. How does the Healthy Americans Act ensure that coverage is universal?**

The Healthy Americans Act ensures that all Americans will have health insurance by allowing people to stay with their current employer plan or selecting a plan through their state agency. People working for employers with 10 or more employees will have their premiums automatically deducted from their paycheck.

State Health Help Agencies (HHAs) will be responsible for maximizing enrollment in their state, which could include taking steps to enroll people through hospital emergency rooms or automatically enrolling people who do not select a plan into a low-cost HAPI plan.

**23. I have been denied private health insurance coverage in the past due to pre-existing conditions. How can I afford coverage?**

Under the Healthy Americans Act insurance companies are not allowed to deny coverage, nor can they charge people who have pre-existing conditions more for insurance than they can charge healthy individuals.

**24. Does the Act have political support?**

The Healthy Americans Act has bipartisan support with 13 Senate cosponsors and 22 House

cosponsors. In addition, various leaders and several key organizations have applauded Senator Wyden's leadership and made positive statements about the bill.